

AT-93-16 Reduction in FFP rates for certain activities under  
Titles I, IV-A, X, XIV and XVI (AABD) of the Social Security Act  
(Act).

TO: **STATE AGENCIES ADMINISTERING PROGRAMS UNDER TITLES I, IV-A, X, XIV AND XVI (AABD) OF THE SOCIAL SECURITY ACT AND OTHER INTERESTED PARTES.**

SUBJECT: Reduction in Federal Financial Participation (FFP) Rates for Certain Activities Under Titles I, IV-A, X, XIV and XVI (AABD) of the Social Security Act (Act)

BACKGROUND:

Under Section 403(a)(3) of the Act, States are currently entitled to enhanced FFP rates for specific categories of expenditures under the Aid to Families With Dependent Children Program:

- o 100 percent FFP for expenditures associated with administering a Systematic Alien Verification of Entitlement (SAVE) system;
- o 90 percent FFP for expenditures for the planning, design, development or installation of an approved Family Assistance Management Information System (FAMIS); and
- o 75 percent FFP for expenditures associated with administering the optional AFDC Fraud Control Program.

In addition, under Sections 3(a)(4), 1003(a)(3), 1403(a)(3) and 1603(a)(4) of the Act, Guam, Puerto Rico and the Virgin Islands are currently entitled to enhanced FFP rates for specific categories of expenditures under the Adult Assistance Programs (Old-Age Assistance for the Aged, Aid to the Blind, Aid to the Permanently and Totally Disabled and Aid to the Aged, Blind or Disabled) :

- o 100 percent FFP for expenditures associated with administering a Systematic Alien Verification for Entitlements (SAVE) system; and
- o 75 percent FFP for expenditures for training of State and local staff.

Under Section 13741 of the "Omnibus Budget Reconciliation Act of 1993" Public Law 103-66, dated August 10, 1993) the Sections of the Act cited above are amended to replace the enhanced FFP rates for each category listed with a uniform 50 percent FFP rate.

EFFECTIVE

DATE :

The FFP rate of 50 percent is applicable for all expenditures made **on or after April 1, 1994**, with the following exception:

For any State whose legislature meets biennially, but does not have a regular session scheduled in 1994, the FFP rate reduction will be effective on the first day of the quarter that begins after the close of the State's first regular legislative session beginning after August 10, 1993.

Only the following States are affected by this provision. For these States, implementation of the change in the FFP rate will be delayed until either April 1, July 1 or October 1, 1995, as appropriate:

Arkansas	Montana	Nevada
North Dakota	Oregon	Texas

ACTION

REQUIRED:

AFDC Program: The calculation of the "Federal Share of Expenditures" reported on Form ACF-231, the "Aid to Families with Dependent Children Program Financial Report is revised as follows:"

Current Quarter Claims. (Part 1 , Col a)

For all quarters beginning on or after April 1, 1994 (quarters ending on or after June 30, 1994):

Section C (Family Assistance Management Information System):

Line 4: Calculate as Line 1 x 50%

Section F (Administration):

Line 9: Calculate as Sum of Lines 2,3,4 and 5 x 50%

Line 10: Calculate as Line 6 x 50%

Line 12: Calculate as Line 8 x 50%

Prior Quarter Adjustment. (Pt 1, Col. b and Pt 2)

When computing the Federal share in Part 2, Column (b), use the FFP rate applicable to the quarter identified in Column (d).

Next Quarter Estimates. (Part 1, Col. c)

For all quarters beginning on or after April 1, 1994 (quarters ending on or after June 30, 1994):

Section C (Family Assistance Management Information System):

Line 4: Calculate as Line 1 x 50%

Section F (Administration) :

Line 9: Enter estimated Federal share of amount shown on Line 1.

Line 10: Enter 50% of estimated expenditures for Fraud Control.

Line 12: Enter 50% of estimated expenditures for SAVE.

Semi-Annual Budget Projections . (Part 3)

Calculate estimates for fiscal year 1994 for FAMIS, Fraud Control and SAVE utilizing the 90%, 75% and 100% FFP rates, respectively, for quarters 1 and 2 and the 50% FFP rate for quarters 3 and 4.

Calculate estimates for fiscal year 1995 and thereafter for FAMIS, Fraud Control and SAVE utilizing the 50% FFP rate.

Adult Assistance Programs : For the quarter beginning April 1, 1994 (3rd quarter, Federal fiscal year 1994), the "Federal Share" reported on Form SRS-OA-41.6, the "Statement of Expenditures for **State** and Local Administration For Maintenance Assistance" must **be** calculated at the 50% FFP rate. The Federal share of expenditure estimates for quarters beginning on or after April 1, 1994, must also be calculated at the 50% FFP rate.

OTHER  
REQUIREMENTS:

**Prior Quarter Adjustments** . For the purposes of determining the applicable FFP rate for those expenditures affected **by** this change, the date of the expenditure (or the quarter to which the expenditure is allocated under either a cost allocation plan or a depreciation schedule) is the controlling factor. Any expenditure made prior to April 1, 1994, or the later alternate date for those States within the exception explained above, but claimed later than that date will remain eligible for Federal funding at the "old" higher FFP rate.

**Timely Filing** . The reduction in FFP rates does not alter the requirement under Section 1132 of the Social Security Act that claims be filed within two years of the last day of the quarter in which the expenditure was made. The determination of the appropriate FFP rate for these claims is governed by the guidelines discussed above.

**Depreciation Claims.** Claims filed in accordance with a multi-quarter depreciation schedule are eligible for FFP at the rate applicable to the quarter to which the depreciation is allocated. Depreciation claims applicable to quarters beginning prior to April 1, 1994 will continue to be eligible for FFP at the higher rates; depreciation claims applicable to quarters beginning on or after April 1, 1994, will be eligible for FFP only at the "new" lower rate.

(Example : ADP equipment purchased for FAMIS in accordance with an approved plan in July 1992 is to be depreciated over a five-year period, from July 1992 through June 1997. The portion of the depreciation allocated to and claimed for quarters beginning July 1992 and ending March 1994 will be eligible for Federal funding at the 90 percent FFP rate; the portion of the depreciation allocated to and claimed for quarters beginning April 1994 and ending June 1997 will be eligible for Federal funding at the 50 percent FFP rate).

REGULATORY  
AND OTHER  
REVISIONS:

Regulations are being developed to implement these statutory changes for expenditures for FAMIS and the optional Fraud Control Program under the AFDC Program and for training under the Adult Assistance Programs.

Statutory requirements for the SAVE program were never codified in Federal regulations, but were included in an Action Transmittal (FSA-AT-91-22, July 22, 1991) and an Information Memorandum (FSA-IM-87-16, November 3, 1987). This Action Transmittal supersedes those documents insofar as it provides instructions to reduce the FFP rate for the SAVE program to the 50 percent rate.

INQUIRIES:

Direct inquiries to the appropriate ACF Regional Administrator.

Diann Dawson  
Norman L. Thompson  
Deputy Director  
Director  
Office of  
Office of  
Family Assistance

## Program Support